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VIA ELECTRONIC FILING

Ms. Marlene Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Room TWB-204  
Washington, DC 20554

Re: Ex parte, CC Docket Nos. 01-338, 96-98 and 98-147, Review of the  
Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers

Ms. Dortch:

The basic economics and engineering of loop and transport facilities severely limits competitive carriers' ability to self-deploy such facilities so that it is only economically rational to construct facilities to serve the locations with high concentrations of demand. However, even in these situations, competitive carriers need access to combinations of loop and transport network elements ("UNE") in order to have access to the essential inputs to both local and interexchange services on a comparable economic footing with incumbent local exchange carriers ("ILEC"). They also need access to such facilities to enable them efficiently to aggregate sufficient traffic to achieve economies of scale comparable to the incumbents and thus be in a position to build their own facilities. The current "interim" use and co-mingling restrictions, however, have made combinations of loop and transport UNEs unavailable to competitors, forcing them to rely on incumbent local exchange carrier access services that are priced substantially above cost. The supracompetitive prices ILECs charge for those services not only substantially drive up competitors' costs but they also make it substantially more difficult for competitors to self-deploy transmission facilities.

Attached herewith is a copy of AT&T's Reply Comments in support of its Petition requesting that the Commission initiate a rulemaking to reform regulation of price cap incumbent local exchange carrier rates for special access services.<sup>1</sup> These comments provide additional information confirming the excessive special access rates that incumbents are able to impose because of their continuing market power over loop

<sup>1</sup> Reply Comments of AT&T Corp., Petition for Rulemaking To Reform Regulation of Incumbent Local Exchange Carrier Rates For Special Access Services, RM No. 10593, January 23, 2003.

and transport facilities and further demonstrate the urgent need to eliminate the current use and co-mingling restrictions applied to these network elements.

Consistent with section 1.1206 of the Commission's rules, I am filing one electronic copy of this Notice and request that you place it and its attachments in the record of the above-captioned proceeding.

Sincerely,

A handwritten signature in dark ink, appearing to read "F. Simone", written in a cursive style.

**ATTACHMENTS**

cc: J. Carlisle  
M. Carey  
B. Olson  
R. Lerner  
S. Bergmann  
T. Navin  
J. Miller